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Washington, D.C. 20549

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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III
FACING PAGE

SEC FILE NUMBER
8-49046

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING April 1, 2006 AND ENDING March 31, 2007
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

STONEBRIDGE ASSOCIATES, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

10 POST OFFICE SQUARE

OFFICIAL USE ONLY

FIRM ID. NO.

BOSTON

MASSACHUSETTS

02109

(City)

(state)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

RICHARD HARVEY, JR., PRESIDENT

617-357-1770

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

UHY LLP

(Name - if individual, state last, first, middle name)

53 STATE STREET

BOSTON,

MA

02109

(Address)

(City)

(state)

Zip Code

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

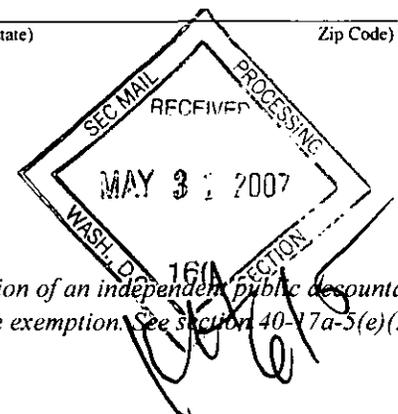
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 40-17a-5(e)(2).

PROCESSED

JUN 07 2007

THOMSON
FINANCIAL



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OATH OR AFFIRMATION

I Richard Harvey, Jr. swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Stonebridge Associates, LLC as of 11/29/2009, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Richard A Harvey Jr
Signature
President
Title

Suzanne Chandler
Notary Public

Suzanne Chandler
NOTARY PUBLIC

This report** contains (check all applicable boxes):
My commission expires July 16, 2010

- (a) Facing page
 (b) Statement of Financial Condition.
 (c) Statement of Income (Loss).
 (d) Statement of Cash Flows
 (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
 (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
 (g) Computation of Net Capital.
 (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
 (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
 (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
 (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
 (l) An Oath or Affirmation.
 (m) A copy of the SIPC Supplemental Report.
 (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
 (o) Independent auditor's report on internal accounting control.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

STONEBRIDGE ASSOCIATES, LLC
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2007 AND 2006

STONEBRIDGE ASSOCIATES, LLC

Years Ended March 31, 2007 and 2006

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To the Members of
Stonebridge Associates, LLC
Boston, Massachusetts

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial condition of Stonebridge Associates, LLC (the "Company") as of March 31, 2007 and the related statements of income, members' equity, and cash flows for the year then ended. The financial statements that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934 are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Company for the year ended March 31, 2006 were audited by other auditors whose report dated May 19, 2006 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stonebridge Associates, LLC as of March 31, 2007 and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

UHY LLP
Boston, Massachusetts
May 18, 2007

STONEBRIDGE ASSOCIATES, LLC
Statements of Financial Condition
March 31, 2007 and 2006

	2007	2006
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 216,946	\$ 386,252
Accounts receivable	40,031	136,408
Accrued revenue	320,091	-
Deferred costs	251,499	323,689
Prepaid expenses	64,621	65,586
Total current assets	893,188	911,935
Property and equipment, net	19,159	8,285
Other assets:		
Investments, at cost	3,388	3,388
Interest receivable (membership subscription)	23,223	23,858
Other assets	14,627	13,990
Total assets	\$ 953,585	\$ 961,456
<i>Liabilities and Members' Equity</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 54,627	\$ 44,367
Accrued payment for Preferred A interest	-	105,000
Total current liabilities	54,627	149,367
Commitments (Note 4)		
Members' equity:		
Common members	(392,842)	(533,938)
Special common members	(54,273)	9,954
Preferred A members	-	-
Preferred B members	1,389,500	1,389,500
Membership subscription receivable	(43,427)	(53,427)
Total members' equity	898,958	812,089
Total liabilities and members' equity	\$ 953,585	\$ 961,456

The accompanying notes are an integral part of these financial statements.

STONEBRIDGE ASSOICATES, LLC
Statements of Income
Years Ended March 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenue:		
Mergers and acquisitions	\$ 3,795,787	\$ 1,209,788
Financial advisory	227,895	742,481
Private placements	-	121,935
Reimbursed expenses	<u>88,374</u>	<u>89,134</u>
 Total revenue	 4,112,056	 2,163,338
 Operating expenses	 <u>3,109,065</u>	 <u>2,336,636</u>
 Income (loss) from operations	 1,002,991	 (173,298)
 Other income:		
Sale of warrants	50,068	792,625
Loss on impaired investments	-	(60,000)
Interest income	11,189	7,237
Recovery of bad debt	<u>-</u>	<u>39,383</u>
 Net income	 <u>\$ 1,064,248</u>	 <u>\$ 605,947</u>

The accompanying notes are an integral part of these financial statements.

STONEBRIDGE ASSOCIATES, LLC
 Statements of Members' Equity
 Years Ended March 31, 2007 and 2006

	Common Members	Special		Preferred A Members		Preferred B		Membership Subscription Receivable	Total
		Common Members	Non Members	Redeemable	Non Members	Redeemable	Members		
Balance, March 31, 2005	\$ (774,616)	\$ (2,576)	\$ 74,400	\$ 18,600	\$ 74,400	\$ 1,410,500	\$ (53,427)	\$ 672,881	
Common Member Class B preferred redemption	-	-	-	-	-	(9,000)	-	(9,000)	
Distributions to members	(216,145)	(10,000)	-	-	-	(126,594)	-	(352,739)	
Exchange of Class A shares for Class B shares	-	-	(74,400)	(18,600)	(74,400)	150,000	-	57,000	
Distribution to Class A members upon exchange	-	-	-	-	-	(162,000)	-	(162,000)	
Allocation of net income	456,823	22,530	-	-	-	126,594	-	605,947	
Balance, March 31, 2006	(533,938)	9,954	-	-	-	1,389,500	(53,427)	812,089	
Common members redemption	(25,000)	-	-	-	-	-	-	(25,000)	
Purchase of common shares	22,000	-	-	-	-	-	-	22,000	
Principal payment on subscription receivable	-	-	-	-	-	-	10,000	10,000	
Distributions to members	(664,944)	(104,127)	-	-	-	(215,308)	-	(984,379)	
Allocation of final net income	809,040	39,900	-	-	-	215,308	-	1,064,248	
Balance, March 31, 2007	\$ (392,842)	\$ (54,273)	\$ -	\$ -	\$ -	\$ 1,389,500	\$ (43,427)	\$ 898,958	

The accompanying notes are an integral part of these financial statements.

STONEBRIDGE ASSOCIATES, LLC
Statements of Cash Flows
Years Ended March 31, 2007 and 2006

	2007	2006
Cash flows from operating activities:		
Net income	\$ 1,064,248	\$ 605,947
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,969	23,617
Provision for bad debt	-	(39,383)
Write-off of impaired investment	-	60,000
Gain on sale of warrants	(50,068)	(792,625)
Equities received as payment for services rendered	-	(3,388)
Changes in operating assets and liabilities:		
Accounts receivable	96,377	(29,090)
Accrued revenue	(320,091)	-
Prepaid expenses	965	(15,129)
Deferred costs	72,190	82,816
Other assets	(637)	868
Accrued interest receivable	635	(3,740)
Accounts payable and accrued expenses	10,260	(14,263)
Accrued compensation	-	(12,837)
	880,848	(137,207)
Cash flows from investing activities:		
Proceeds from sale of warrants	50,068	792,625
Cash paid for purchase of property and equipment	(17,843)	(1,820)
	32,225	790,805
Cash flows from financing activities:		
Payout to Class A members for exchange of Class B interest	(105,000)	-
Purchase of common interest	22,000	-
Redemption of common interest	(25,000)	(9,000)
Distribution to members	(984,379)	(352,739)
Payments against subscriptions receivable	10,000	-
	(1,082,379)	(361,739)
Net change in cash and cash equivalents	(169,306)	291,859
Cash and cash equivalents, beginning of year	386,252	94,393
Cash and cash equivalents, end of year	\$ 216,946	\$ 386,252
<i>Supplemental Disclosure of Non-Cash Financing Activities:</i>		
Distribution to Class A members upon exchange of Class B interest	\$ -	\$ 150,000

STONEBRIDGE ASSOCIATES, LLC
Notes to Financial Statements

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Stonebridge Associates, LLC (the "Company") was formed as a limited liability company on January 18, 1996 and is a registered broker-dealer under the Securities Act of 1934. The Company provides merger and acquisition services, capital raising through private sales of equity and debt securities, and other financial advisory services to companies primarily throughout the United States.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Revenue from services provided are recognized at the time there is persuasive evidence that the Company's services have been substantially completed pursuant to the terms of a binding engagement letter, the Company's fee is fixed or determinable, collection of the related receivable is reasonably assured, and customer acceptance criteria, if any, has been successfully demonstrated. Expenses directly associated with such transactions are deferred until the related revenue is recognized or the engagement is otherwise concluded.

Accrued Revenue

The Company records in revenue amounts that were unbilled as of fiscal year end. These amounts are due from clients for services performed in the year recognized which were not invoiced by year end.

Reimbursed Expenses

The Company accounts for reimbursed expenses in accordance with Emerging Issues Task Force No. 01-14, "Income Statement Characterization of Reimbursements Received for "Out-of-Pocket" Expenses". Accordingly, all reimbursed expenses are included in gross revenue because the Company is the primary obligator, has discretion in selecting a supplier, and bears all the credit risk of paying the supplier prior to receiving reimbursement from the customer.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with an original maturity of 90 days or less to be cash equivalents.

Concentration of Credit Risk and Significant Customers

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash and accounts receivable. The Company places its temporary cash investments with financial institutions which management considers to be of high credit quality. At times, such investments may be in excess of the Federal Insurance Deposit Corporation ("FDIC") insurance limit. The Company provides credit to customers in the normal course of business and collateral is not required for accounts receivable, but ongoing credit evaluations of customers are performed.

On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on periodic assessment of overdue accounts, outstanding disputes, historical collection trends, and information on customers' liquidity and financial condition. If the financial condition of the Company's customers were to deteriorate and thereby result in an inability to make payments, additional allowances would be required. There is no allowance for doubtful accounts as of March 31, 2007 and 2006.

STONEBRIDGE ASSOCIATES, LLC
Notes to Financial Statements

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk and Significant Customers (Continued)

For the year ended March 31, 2007, three customers accounted for approximately 62% of the Company's net revenue, three customers accounted for 96% of accounts receivable, and one customer accounted for 100% of accrued revenue, all of which has been collected subsequent to year end. For the year ended March 31, 2006, four customers accounted for approximately 48% of the Company's net revenue and two customers accounted for 86% of accounts receivable.

Deferred Costs

Deferred costs include direct operating costs associated with the delivery of the Company's services which have been capitalized until the time service revenue is recognized. The principal elements of deferred costs are payroll and related expense and occupancy expenses.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Purchases over \$1,000 are capitalized as property and equipment. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets. The principal estimated useful lives are five years for computer equipment, seven years for office equipment and furniture and fixtures. Leasehold improvements are amortized on a straight line basis over the shorter of the lease terms or their estimated useful lives. Repair and maintenance costs are expensed as incurred. Improvements which increase the productive value of assets are capitalized and depreciated over the remaining useful life of the related asset.

Long-Lived Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*", the Company reviews long-lived assets and all amortizing intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then intangible assets are written down first, followed by the other long-lived assets of the operation to fair value. Fair value is determined based on discounted cash flows or appraised values, depending upon the nature of the assets.

Investments

Investments in companies in which the Company has no significant influence are carried at cost. Investments consist of convertible preferred stock, restricted common stock, and warrants to purchase common stock of non-public entities received as partial payment for services that the Company rendered. The investments are valued utilizing original offering prices or pricing models and are non-voting shares subject to transfer restrictions because they were not registered under the Securities Act of 1934. Currently, no public market exists for these shares and the Company considers this to be a long-term investment and they are recorded at cost.

In September 2004, the Company received, as partial payment for financial advisory services, warrants to purchase 75,000 unregistered shares of MicroFinancial, Inc. stock at an exercise price of \$2.70 per share. The Company assigned no value to the warrants due to the underlying securities being unregistered.

In January of 2006, the Company exercised and sold 75,000 warrants that it was carrying at zero value. The underlying shares were repurchased by the seller for \$13.26 per share less \$2.70 per share for the exercise price. Total proceeds for this transaction were approximately \$792,000.

STONEBRIDGE ASSOCIATES, LLC
Notes to Financial Statements

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Additional proceeds relating to holdbacks for the transaction totaling approximately \$50,000 were received in 2007.

During the fiscal year ended March 31, 2006, the Company was notified by the bankruptcy court that stock the Company was carrying at \$60,000 had become worthless. The Company therefore recorded an impairment loss of \$60,000.

Advertising Expense

The cost of advertising is expensed as incurred. Costs are included in operating expense and totaled \$34,687 and \$30,837 during the years ended March 31, 2007 and 2006, respectively.

Comprehensive Income

The Company has no other reportable comprehensive loss items to report, other than net loss, for the periods presented.

Income Taxes

The Company is treated as a partnership for federal and state income tax purposes. Consequently, members are taxed individually on their proportionate share of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the Company's operating agreement. Therefore, the financial statements do not reflect a provision for income taxes.

Reclassifications

Certain reclassifications have been made to the 2006 financial statements in order to conform to the 2007 presentation.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at March 31:

	<u>2007</u>	<u>2006</u>
Furniture and fixtures	\$ 102,681	\$ 102,681
Computer equipment	69,498	51,654
Leasehold improvements	<u>103,681</u>	<u>103,681</u>
	275,860	258,016
Less: accumulated depreciation	<u>(256,701)</u>	<u>(249,731)</u>
	<u>\$ 19,159</u>	<u>\$ 8,285</u>

Depreciation and amortization expense for the years ended March 31, 2007 and 2006 was \$6,969 and \$23,617 respectively.

STONEBRIDGE ASSOCIATES, LLC
Notes to Financial Statements

NOTE 3 - MEMBERS' EQUITY

On April 1, 1996, the Stonebridge Associates, LLC Operating Agreement (the "Operating Agreement") created two classes of ownership; Common Interest Members (the "Common Interest") and Class A Preferred Interest Members (the "Class A Interest") (collectively, the "Members").

On April 1, 2000, the members entered into a certain Amendment to the Operating Agreement (the "2000 Amendment") which created Special Common Interest Members (the "Special Common Interest"). Special Common Interest Members receive all the same rights, including without limitation, voting rights, as the Common Interest Members, except that Special Common Interest Members shall not be entitled to receive distributions upon dissolution other than an amount equal to any unreturned capital, plus any earned, but unpaid distributions.

On January 31, 2002, in connection with the redemption of the interest of certain Class A Interest members, the Members approved the amendment of the Operating Agreement (the "Amended Operating Agreement"). The Amended Operating Agreement established the Class B Preferred Interest Members ("Class B Interest") while retaining the Class A Interest (collectively, the "Preferred Interest Members").

On March 31, 2006, in connection with the redemption of the remaining interests of Class A Interest members, the Members approved an additional amendment of the Operating Agreement (the "March 2006 Amendment"). In this redemption, the Class A Interest members exchanged their Class A Interests for a combination of cash and Class B Interests. The March 2006 Amendment eliminated the rights and priorities of the Class A Interests.

Allocation of Profits and Loss

Profits are allocated first to the Preferred Interest Members until they have received, on a cumulative basis since inception of the Company, an amount of profits equal to all amounts of cash and property distributed to them under the March 2006 Amendment other than distributions of unreturned capital with the balance to the Common Interest Members and Special Common Interest Members. All losses are distributed to Common Interest Members and Special Common Interest Members.

Distributions

Distributions of cash will first be made to all Common Interest Members in an amount sufficient to pay applicable tax obligations. Class B Preferred members will receive distribution of profits equal to 15% of their unreturned capital. Thereafter, profits are distributed to Common Interest Members. Class B members' distributions are non-cumulative; they have no rights to receive any deficiencies from prior years.

No member may transfer all or any part of their interest in the Company without prior written approval of the directors of the Company.

Redemption of Preferred Interests

Class B Interest members shall have the option, exercisable within 90 days after the commencement of each accounting year, to require the Company to redeem up to 100% of their Class B Interest at the purchase price equal to their unreturned capital, plus unpaid distributions. At the Company's election, the purchase price will be paid (i) by a five-year promissory note of the Company, (ii) in cash, or (iii) by a combination of cash and such a promissory note. In the event that the Company elects to pay some or all of the purchase price by a promissory note of the Company, such note shall bear interest at the rate of 7% per annum or, if higher, at the applicable federal rate. In all events, such note shall have such terms as are necessary in order for it to qualify as capital for purposes of the rules and regulations of NASD Regulation, Inc.

STONEBRIDGE ASSOCIATES, LLC
Notes to Financial Statements

NOTE 3 - MEMBERS' EQUITY (Continued)

Membership Subscription Receivable

On April 1, 2000, the Company issued a Special Common Interest Membership to a manager of the Company. In return for the Special Common Interest, the Company received \$20,000 and issued a promissory note (the "Note") for \$87,544 (the "Principal Amount") which was recorded as a subscription receivable in members' equity. The Note bears interest at 7% which is payable in arrears on the last business day of each calendar year. The Note is secured by the member's 5% Special Common Interest in the Company, which may or may not provide adequate collateral for the Note.

As of March 31, 2007, required payments of principal and accrued interest had not been paid in full and, accordingly, the Note is in default. The Company has elected not to exercise its remedies applicable to the default on the Note. As of March 31, 2007 and 2006, the outstanding balance on the Note was \$43,427 and \$53,427, respectively, and accrued interest receivable was \$23,223 and \$23,858, respectively.

Option Agreement

On April 1, 2000, the Company entered into an option agreement (the "Option") with a member of management and holder of a Special Common Interest (the "Member"). The Member has the option to convert the Member's Special Common Interests to Common Interests at the Option exercise price of \$88,256. The Option expires on the 10th anniversary of the Option agreement and upon the Member's election can be extended for an additional 10 year term. The Member is entitled to exercise the Option only in the event of a dissolution distribution of the Company pursuant to the Amended Operating Agreement. In the event the Member ceases to be employed or to be a member of the Company, the Option will cease to be exercisable as of the effective date of the termination.

NOTE 4 - COMMITMENTS

Operating Leases

The Company leases office equipment under various non-cancelable operating leases which terminate through 2008. The Company leases its office and storage space in Boston, Massachusetts under a non-cancelable operating lease. On May 24, 2004, the Company negotiated an amendment (the "Amendment") to the lease which changed the monthly payment and extended the lease term through August 31, 2011. Under the terms of the original lease and the Amendment, the Company assumes related operating expenses. The Amendment allowed the Company to incur up to \$63,940 in leasehold improvements reimbursable by the lessor ("Landlord's Contribution"), of which the Company used approximately \$32,000 towards lease payments during the year ended March 31, 2006.

Minimum lease payments under the non-cancelable operating lease for the next five years are as follows:

2008	\$ 221,594
2009	221,594
2010	221,594
2011	215,431
2012	89,250
	<u>\$ 969,463</u>

Occupancy expense, including operating expenses, for the years ended March 31, 2007 and 2006 were \$226,248 and \$192,587, respectively.

STONEBRIDGE ASSOCIATES, LLC
Notes to Financial Statements

NOTE 5 - EMPLOYEE BENEFIT PLAN

The Company sponsors a 401(k) Retirement Plan (the "Plan") which is open to substantially all employees meeting the age and length of service requirements set forth in the Plan. The Company's discretionary contributions to the Plan for the years ended March 31, 2007 and 2006 were \$50,186 and \$28,381, respectively.

NOTE 6 - RELATED PARTY TRANSACTIONS

Consulting Agreement

In September, 2006, one of the Company's common members (the "Consultant") retired. As a result of the retirement, the Company repurchased a portion of the Consultant's common member interest in the Company and entered into a consulting agreement ("Consulting Agreement"), effective October 1, 2006, with the Consultant. The consulting agreement calls for the member to provide services relating to specified existing and prospective clients. Pursuant to the Consulting Agreement, in consideration of the consulting services, the Company paid the Consultant \$37,800 during the fiscal year ended March 31, 2007 and committed to paying the Consultant \$43,200 during the fiscal year ended March 31, 2008. In addition, the Consultant will be eligible for bonuses and referral fees. The Consulting Agreement will continue until December 31, 2007, unless terminated by mutual agreement of the Company and the Consultant.

NOTE 7 - NET CAPITAL REQUIREMENT

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Act of 1934, the Company is required to maintain a minimum net capital of the greater of \$5,000 or 6.67% of aggregate liabilities and a ratio of aggregate indebtedness to net capital that shall not exceed 15 to 1 as defined under such provisions.

Net capital and the related net capital ratio may fluctuate on a daily basis. At March 31, 2007, the Company had net capital of \$162,319 which was \$157,319 in excess of its required net capital of \$5,000. At March 31, 2006, the Company had net capital of \$236,885 which was \$226,927 in excess of its required net capital of \$9,958. At March 31, 2007 and 2006, the Company's net capital ratio was .34 to 1 and .63 to 1, respectively.

53 State Street
Boston, MA 02109

To the Members of
Stonebridge Associates, LLC
Boston, Massachusetts

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained on the following pages is presented for the purpose of additional analysis and, although not required for a fair presentation of financial position, results of operations, and cash flows, was subjected to the audit procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

UHY LLP

Boston, Massachusetts
May 18, 2007

STONEBRIDGE ASSOCIATES, LLC
Statements of Operating Expenses
Years Ended March 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Salaries and bonuses	\$ 2,156,644	\$ 1,482,509
Occupancy expense	226,248	192,587
Payroll taxes	119,611	102,123
Employee benefits	95,976	88,049
Research	66,730	67,251
Travel	62,448	66,021
Accounting	58,199	66,195
Retirement plan contributions	50,186	28,381
Office expenses	45,045	49,349
Consulting expense	37,809	-
Marketing and advertising	34,687	30,837
Insurance	29,552	16,100
Meals and entertainment	28,960	28,385
Telephone	23,289	22,223
Recruiting	10,516	8,353
Subscriptions	10,182	3,402
Fees and services	9,186	5,959
Conferences	8,716	6,931
NASD license fees	7,813	11,979
Repairs and maintenance	7,008	4,241
Amortization and depreciation	6,969	23,617
Messenger and delivery	3,965	5,064
Contributions	3,174	3,925
Legal	2,837	13,358
Postage	2,406	2,873
Equipment rental	909	967
Temporary labor	-	5,957
	<u>\$ 3,109,065</u>	<u>\$ 2,336,636</u>

See Independent Auditors' Report.

STONEBRIDGE ASSOCIATES, LLC
Computation of Net Capital
March 31, 2007

Total members' equity		\$ 898,958
Less: non-allowable assets		<u>(736,639)</u>
Net capital		162,319
Net capital requirement:		
6 2/3% aggregate indebtedness or	\$ 3,642	
minimum dollar net capital requirement	<u>\$ 5,000</u>	<u>5,000</u>
Excess net capital		<u>\$ 157,319</u>
Aggregate indebtedness		<u>\$ 54,627</u>
Percentage of aggregate indebtedness to net capital		<u>34%</u>

To the Members of
Stonebridge Associates, LLC
Boston, Massachusetts

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**INDEPENDENT AUDITORS' SUPPLEMENTARY REPORT
ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

In planning and performing our audit of the financial statements of Stonebridge Associates, LLC (the "Company") for the year ended March 31, 2007, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Stonebridge Associates, LLC that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computation of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with exemptive provisions of Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives.

Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the

Based on this understanding and on our study, we believe that the Company's practices and procedures are adequate at March 31, 2007 to meet the SEC's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

VHY LLP

Boston, Massachusetts
May 18, 2007

STONEBRIDGE ASSOCIATES, LLC
Computation of Reserve Requirements
Pursuant to SEC Rule 15c3-3
March 31, 2007

Stonebridge Associates, LLC does not carry security accounts for customers or perform custodial functions relating to customer securities and is exempt from the reserve requirements pursuant to SEC Rule 15c3-3 under paragraph (k) (2) (i).

STONEBRIDGE ASSOCIATES, LLC
Reconciliation of Unaudited Computation of
Net Capital to Audited Computation of Net Capital
March 31, 2007

The difference per this report and the most recent quarterly filing by the Company of Part II of the Focus Report with respect to the computation of the net capital under Rule 15(c)(3)-1 are reconciled as follows:

Unaudited computation of net capital per most recent quarterly filing		\$ 181,155
Audit adjustments:		
Adjust accrued expenses	<u>\$ (18,836)</u>	
Net change in net capital		<u>(18,836)</u>
Audited computation of net capital		<u><u>\$ 162,319</u></u>

END